



State of Utah
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

Michael O. Leavitt
Governor

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Executive Director

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November 28, 1994

CRR P 074 978 721

Mr. Milton Derrick
Umetco Minerals Corporation
P. O. Box 1029
Grand Junction, Colorado 81502

Re: Transfer of the Velvet Mine from Umetco Minerals Corporation to U. S. Energy Corporation, M/037/040, San Juan County, Utah

Dear Mr. Derrick:

On November 17, 1994, the Board of Oil, Gas and Mining formally approved the form and amount (\$63,900) of reclamation surety for U. S. Energy Corporation's Velvet. This approval was granted after the Board reviewed the letter between U. S. Energy Corporation and Umetco Minerals Corporation resolving the discrepancy in the acreage associated with the mining property.

Subsequent to Board approval, the Division approved the transfer of the Velvet mine from Umetco Minerals Corporation to U. S. Energy Corporation on November 21, 1994. Umetco Minerals Corporation is hereby fully released from any further reclamation obligations associated with the Velvet mine.

Enclosed please find copies of the fully signed and executed transfer form, and the acreage discrepancy letter, for your files. We are also enclosing Umetco Minerals original Reclamation Contract and Surety Bond dated March 23, 1994.

Thank you for your time and cooperation in completing this transfer process. Best of luck in your future mining ventures.

Sincerely,

Anthony A. Gallegos
Reclamation Engineer

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Enclosures

cc: Ken Webber, U. S. Energy Corp.
Sal Venticinque, BLM, Grand RA

